

SENATE BILL 1452

By Tate

AN ACT to enact the Tennessee STAR Scholarship Act of 2007.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 49, Chapter 4, is amended by adding Sections 2 through 18 of this act as a new, appropriately designated part.

SECTION 2. This part shall be known and may be cited as the "Tennessee STAR Scholarship Act of 2007".

SECTION 3. The general assembly finds and declares that:

(1) Many of this state's economically disadvantaged children are not encouraged at an early age to have high ambitions and expectations and to make college attendance a primary goal;

(2) Economically disadvantaged middle schoolers and their parents are often unaware of the necessity of early planning for education beyond high school. This lack of awareness hinders and discourages such students from striving to attain higher education;

(3) Lack of planning for future college participation results in failure to enroll and succeed in college preparatory and advanced placement courses in high school, and in failure to take courses, such as Algebra I, in middle school or as early as possible;

(4) Support limited to help with academics, however, is not sufficient to provide all information and skills that students and their parents must acquire to ensure adequate academic achievement and financial ability for success in higher education. Such students and their parents often need help and encouragement in accessing information about educational opportunities, courses needed to prepare for a particular career, college selection and application, the cost of higher education, the availability of

financial aid, and application for such aid. To be effective, such assistance and encouragement must begin before students enter high school;

(5) A Tennessee STAR scholarship pilot project should be created to address the multi-faceted needs of economically disadvantaged middle school students and their parents in accessing and acquiring skills and information to ensure entrance in college and the financial ability to secure higher education opportunities; and

(6) Article XI, Section 5 of the Tennessee Constitution provides that proceeds from the state lottery shall be "allocated to provide financial assistance to citizens of this state to enable such citizens to attend postsecondary educational institutions located within this state." A component of the Tennessee STAR scholarship pilot project should provide financial assistance to students enrolled in the project from state lottery proceeds through a Tennessee STAR scholarship program.

SECTION 4. As used in this part, unless the context otherwise requires:

(1) "ACT" means the ACT assessment administered by ACT;

(2) "Department" means the department of education;

(3) "Grade point average" means the numbered grade average calculated using a 4.0 scale;

(4) "SAT" means the Scholastic Aptitude Test administered by the College Board;

(5) "Tennessee STAR scholarship" means a "Tennessee Student Tuition Assistance Rewards" scholarship for study in pursuit of an associate or baccalaureate degree at an eligible postsecondary institution that is funded from net proceeds of lottery games conducted by the state;

(6) "Tennessee STAR scholarship applicant" means a Tennessee STAR scholarship high school student who is a Tennessee citizen and resident, who graduated

or shall graduate from a Tennessee public high school or a private Southern Association of Colleges and Schools--accredited high school located in Tennessee, who affirms the applicable parts of the Tennessee STAR scholarship pledge and who applies to an eligible postsecondary institution as defined in § 49-4-902;

(7) "Tennessee STAR scholarship college student" means a college student who is a Tennessee citizen and resident, who is enrolled in an eligible postsecondary institution and receiving a Tennessee STAR scholarship, and who affirms the applicable parts of the Tennessee STAR scholarship pledge upon reapplication for continuation of a Tennessee STAR scholarship as required under Section 12;

(8) "Tennessee STAR scholarship high school student" means a high school student who is a Tennessee citizen and resident, who attends a Tennessee public high school or a private Southern Association of Colleges and Schools-accredited high school located in Tennessee, who was a Tennessee STAR scholarship middle school student and who affirms the applicable parts of the Tennessee STAR scholarship pledge at the beginning of each school year in the ninth through the twelfth grades;

(9) "Tennessee STAR scholarship middle school student" means a middle school student who is a Tennessee citizen and resident, who attends a public middle school located in Tennessee that is a Title I school at the time of enrollment in a Tennessee STAR scholarship pilot project enrichment program, and who agrees to and signs the Tennessee STAR scholarship pledge;

(10) "Tennessee STAR scholarship pledge" means the agreement made in writing by a Tennessee STAR scholarship student or applicant, together with the student's custodial parent or guardian, if the student is a minor;

(11) "Tennessee STAR scholarship student" means a Tennessee STAR scholarship college student, a Tennessee STAR scholarship middle school student or a Tennessee STAR scholarship high school student;

(12) "THEC" means the Tennessee higher education commission;

(13) "TSAC" means the Tennessee student assistance corporation; and

(14) "Title I middle school" means a middle school in which fifty percent (50%) or more of the students qualify for free and reduced priced lunch pursuant to 42 U.S.C. §§ 1751-1769.

#### SECTION 5.

(a) The department of education shall establish, administer, and monitor one (1) or more Tennessee STAR scholarship pilot projects to enable students in Title I public middle schools who are citizens and residents of this state to attend eligible postsecondary educational institutions located in this state after graduation from high school through financial assistance from state lottery proceeds.

(b) Such projects shall consist of two (2) collaborative components:

(1) The Tennessee STAR scholarship program, which shall provide financial assistance to eligible college students from state lottery proceeds; and

(2)

(A) Enrichment programs funded by the state or by sources other than the state or funded jointly by the state and sources other than the state; provided, however, that any state funding for enrichment programs shall not be from lottery proceeds. Enrichment programs shall provide middle school participants with opportunities for academic improvement and college awareness through activities such as:

(i) Tutoring or mentoring;

- (ii) After school, Saturday or summer school programs;
- (iii) Career fairs;
- (iv) College counseling and college visits; and
- (v) Financial counseling as to the cost of college and financial aid available.

(B) Such programs shall be committed to following the progress of such students after they enter high school. Enrichment programs shall provide for parent and teacher involvement in planning for students' academic and career success. Enrichment programs shall furnish parents with information and assistance concerning support and encouragement of students in preparing for college, postsecondary institutions located in the state, admission processes, and available financial aid and how to apply for such aid.

(c) Enrichment programs may be established by partnerships of a local education agency and an institution of higher education. Support from the community in which the program operates, including support from nonprofit organizations and groups and businesses, shall be encouraged. If the department creates pilot projects in collaboration with such enrichment programs, the department shall establish a process by which existing programs that seek to participate in the pilot project may apply. The department shall establish no more than six (6) such pilot projects, with no more than two (2) such projects from each grand division of the state. Pilot projects in a grand division shall be established in both urban and rural communities.

(d) Enrichment programs may also be established by the department of education. If such programs are established, they shall be created in both urban and rural communities in each of the three (3) grand divisions of the state.

SECTION 6. The department shall establish the Tennessee STAR scholarship program. The program shall award credits or points for participation in enrichment program activities and for academic achievement in both middle school and high school. The department shall determine and assign the number of points to be awarded for participation in an enrichment activity and the number of points to be awarded for different levels of academic achievement. Academic achievement points shall be awarded for maintaining a grade point average of 2.0 or higher, or the equivalent in other grading systems, in courses or overall. Higher scholastic performance as evidenced by grade point averages greater than 2.0 shall merit the award of higher numbers of points. Academic achievement points shall also be awarded for performance on TCAP, ACT, and SAT tests or equivalent measures of performance. Higher performance on such measures shall merit the award of higher numbers of points. At least seventy-five percent (75%) of the total points that can be achieved shall be available for award for academic achievement in middle school and high school. The remaining number of the total points that can be achieved shall be available for award for participation in enrichment program activities by Tennessee STAR scholarship middle school and high school students or their parents.

SECTION 7.

(a) The department shall be responsible for collection of all data concerning the points earned by middle school and high school students for participation in enrichment programs and academic achievement. The department shall provide TSAC with all information needed for identification of a student and the number of points awarded to the student upon notification by TSAC that the student has applied for a scholarship.

(b) Middle schools and high schools at which Tennessee STAR scholarship students are enrolled in enrichment programs shall provide by June 30 of each year all information needed by the department to determine the number of points awarded to such students during the year.

(c) The department shall be responsible for collection and maintenance of all written Tennessee STAR scholarship pledges made by middle school and high school students. TSAC shall be responsible for collection and maintenance of all written Tennessee STAR scholarship pledges made by applicants and college students.

SECTION 8. The department shall determine the minimum number of points necessary for the receipt of a Tennessee STAR scholarship. The number shall include a requirement that points be earned in both enrichment program participation and academic achievement. The department shall specify the minimum number of points that must be earned to receive a full Tennessee STAR scholarship to attend an eligible public postsecondary institution. Students earning fewer points for either academic achievement or for participation in enrichment programs than the number required for a full tuition scholarship, but more than the minimum number of points for a scholarship, shall be eligible for scholarships in amounts as determined by the department.

SECTION 9. The provisions of §§ 49-4-910, 49-4-912, 49-4-913, and 49-4-919 that apply to Tennessee HOPE scholarships shall also apply to Tennessee STAR scholarships.

SECTION 10. As applicable to the student or applicant, each Tennessee STAR scholarship student or Tennessee STAR scholarship applicant shall pledge to:

- (1) Participate in an enrichment program;
- (2) Graduate from a Tennessee public high school or a private Southern Association of Colleges and Schools--accredited high school located in Tennessee;
- (3) Achieve an overall grade point average upon graduation from high school of at least 2.0 for courses taken in high school;
- (4) Not illegally use controlled substances;
- (5) Not illegally consume alcoholic beverages;
- (6) Not commit a crime or delinquent act;

(7)

(A) When a senior in high school, apply timely to an eligible postsecondary institution as defined in § 49-4-902; or

(B) When reapplying for continuation of a Tennessee STAR scholarship, continue to be enrolled in an eligible postsecondary institution; and

(8) Apply timely for any federal and state student financial assistance available to the student to attend an eligible postsecondary institution.

SECTION 11. To be eligible for a Tennessee STAR scholarship a Tennessee STAR scholarship applicant shall:

(1) Not be ineligible for a scholarship under § 49-4-904;

(2) Meet all requirements of the Tennessee STAR scholarship, including earning the minimum number of points required under Section 8;

(3) Affirm in writing the Tennessee STAR scholarship pledge;

(4) Be admitted to and enroll in an eligible postsecondary institution no later than the fall semester immediately following graduation from high school; and

(5) Apply for a Tennessee STAR scholarship.

SECTION 12.

(a) To continue to receive a Tennessee STAR scholarship, a Tennessee STAR scholarship college student at an eligible postsecondary institution shall continue to meet all applicable requirements for the scholarship and shall reapply for the scholarship upon attempting twenty-four (24), forty-eight (48), seventy-two (72), or ninety-six (96) semester hours, and, if enrolled in an undergraduate degree program required to be more than one hundred twenty (120) semester hours in length, upon attempting one hundred twenty (120) semester hours. At the end of each semester in which eligibility is reviewed, a Tennessee STAR scholarship college student shall be in good academic



standing at the institution in which the Tennessee STAR scholarship college student is enrolled.

(b) If a Tennessee STAR scholarship student or applicant violates any agreement of the Tennessee STAR scholarship pledge, the student or applicant shall cease to be eligible for receipt of a Tennessee STAR scholarship.

(c) If a Tennessee STAR scholarship college student ceases to be eligible for a Tennessee STAR scholarship at any time for any reason, then the student shall not be able to regain the Tennessee STAR scholarship.

#### SECTION 13.

(a) A Tennessee STAR scholarship for a college student attending an eligible public postsecondary institution shall include payment of tuition and mandatory fees for such student's attendance at such institution, if the student receives no other financial assistance specifically designated for tuition and mandatory fees. If the student receives financial assistance specifically designated for tuition or mandatory fees, then a Tennessee STAR scholarship shall pay the balance required to attend the eligible public postsecondary institution, not to exceed the cost of full payment of the student's tuition and mandatory fees.

(b) Full-time students attending eligible independent postsecondary institutions shall receive the average of full tuition and mandatory fees charged at all four-year public postsecondary institutions, if the student is attending a four-year eligible independent postsecondary institution, or the average of full tuition and mandatory fees charged at all two-year public postsecondary institutions, if the student is attending a two-year eligible independent postsecondary institution, provided that the student receives no other financial assistance specifically designated for tuition and mandatory fees. If a student attending an eligible independent postsecondary institution receives

other financial assistance specifically designated for tuition and mandatory fees, the Tennessee STAR scholarship shall pay the balance required to attend the eligible private postsecondary institution, not to exceed the average cost of full payment of tuition and mandatory fees at all comparable eligible public postsecondary institutions.

(c) The award for a student attending an eligible independent postsecondary institution part-time shall be reduced pro rata.

SECTION 14. If the sum of all financial aid, including a Tennessee STAR scholarship, for which a student qualifies exceeds the institutionally defined total cost of education at the eligible postsecondary institution the scholarship recipient is attending, then such student's financial assistance shall be reduced so that the financial aid actually received by the student does not exceed the institutionally defined total cost of education.

SECTION 15. The award of Tennessee STAR scholarships and the amount of such scholarship is subject each year to the amounts appropriated by the general assembly and any provision of law relating to a shortfall in funds available for postsecondary financial assistance from the net proceeds of the state lottery.

SECTION 16.

(a) The department of education shall report annually to the education committee of the senate and the education committee of the house of representatives before the second Tuesday in January, concerning the Tennessee STAR scholarship pilot projects. The report shall include, but not be limited to, information concerning the project sites, collaborators, the number of Tennessee STAR scholarship middle and high school students, the number of students retained in the program from the previous year, the number of students dropping out of the program and the reasons for failure to retain those students, and the number of points awarded.

(b) The Tennessee STAR scholarship program shall be administered by TSAC, which shall be responsible for determination of eligibility of students and for the distribution of funds appropriated by the general assembly for scholarships awarded under the program. In the event net proceeds from lottery revenues are insufficient to fund fully the Tennessee STAR scholarships, then TSAC is authorized to review and reduce the amounts to be awarded for such scholarships pro rata.

(c) THEC shall provide assistance to the general assembly and to TSAC by researching and analyzing data concerning the Tennessee STAR scholarship program, including, but not limited to, student success in postsecondary education and scholarship retention. THEC shall report its findings annually to the education committee of the senate and the education committee of the house of representatives before the second Tuesday in January.

(d) Postsecondary educational institutions that enroll students receiving Tennessee STAR scholarships shall provide all information required by TSAC and THEC that is necessary for administering, reviewing, and evaluating the Tennessee STAR scholarship program. TSAC and THEC may choose to collect data from higher education institutions or through the University of Tennessee system, board of regents, or the Tennessee Independent Colleges and Universities Association. TSAC and THEC shall maintain confidentiality of individual student records in accordance with the Family Educational Right to Privacy Act.

#### SECTION 17.

(a) The department of education is authorized to promulgate rules and regulations to establish the Tennessee STAR scholarship pilot project, including rules applicable to the Tennessee STAR scholarship program and rules applicable to the enrichment programs, and to otherwise effectuate the purposes of the Tennessee STAR

scholarship pilot project. Rules applicable to the enrichment programs shall include, but not be limited to, procedures for application for participation by enrichment programs. All such rules and regulations shall be promulgated in accordance with the provisions of the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

(b) TSAC is authorized to promulgate rules and regulations to establish deadlines for applications for Tennessee STAR scholarship, appeal procedures for the denial or revocation of Tennessee STAR scholarships, methods of paying Tennessee STAR scholarship awards to part-time students, and to otherwise effectuate the purposes of the Tennessee STAR scholarship program. All such rules and regulations shall be promulgated in accordance with the provisions of the Uniform Administrative Procedures Act.

(c) TSAC shall promulgate rules and regulations to provide for repayment or partial repayment of a Tennessee STAR scholarship awarded to a student who subsequently withdraws from courses or from the postsecondary institution. Such rules shall be comparable to rules for repayment of other financial aid available to postsecondary students. No repayment shall be required if a full-time student withdraws from a course and such withdrawal does not reduce the student's course load below twelve (12) semester hours. All students shall be notified of the consequences of withdrawing from courses or from the institution when notified of the award of a Tennessee STAR scholarship. All such rules and regulations shall be promulgated in accordance with the provisions of the Uniform Administrative Procedures Act.

(d) THEC is authorized to promulgate rules and regulations to effectuate the purposes of this part. All such rules and regulations shall be promulgated in accordance with the provisions of the Uniform Administrative Procedures Act.

(e) Costs incurred by the department, TSAC and THEC in administering the Tennessee STAR scholarship program of the Tennessee STAR scholarship pilot project shall be funded from the lottery for education account as part of such programs.

#### SECTION 18.

(a) There is created a special account in the state general fund to be known as the "Tennessee STAR scholarship support fund." Any fund balance remaining unexpended at the end of a fiscal year in the fund shall be carried forward into the subsequent fiscal year. Moneys in the fund shall be invested by the state treasurer in accordance with the provisions of § 9-4-603. Interest accruing on investments and deposits of the fund shall be carried forward into the subsequent fiscal year. No part of the fund shall be diverted to the general fund or any other public fund. Moneys in the fund shall only be expended and obligated in accordance with appropriations made by the general assembly. Moneys in the fund shall only be expended in accordance with the provisions of this section. The fund shall be administered by TSAC.

(b) The Tennessee STAR scholarship support fund may accept voluntary contributions from individuals, nonprofit organizations, or for-profit corporations, partnerships, or other entities.

(c) Moneys from the Tennessee STAR scholarship support fund shall be used to provide reimbursements to Tennessee STAR scholarship recipients to offset the cost incurred by such recipients in purchasing:

(1) Required textbooks, supplies, or equipment;

(2) Any other materials required by the eligible postsecondary institution that the Tennessee STAR scholarship recipient is attending to participate in a particular class, seminar, laboratory, or other type of instruction; or

(3) Other items or services approved by TSAC under rules adopted by TSAC.

(d) To be eligible to receive money from the fund, a Tennessee STAR scholarship recipient shall apply to TSAC on a form provided by TSAC. The scholarship recipient shall certify to TSAC that the scholarship recipient has incurred costs under subsection (c) that were not included in the Tennessee STAR scholarship award or in other financial assistance available to the student.

(e) Upon verification by TSAC of the information provided by the scholarship recipient and subject to the availability of money in the support fund and the appropriation of such money by the general assembly, TSAC shall reimburse the Tennessee STAR scholarship recipient the amount of money requested.

(f) Reimbursement under this section shall be provided in the order in which applications for reimbursement were received.

(g) TSAC shall promulgate rules and regulations to effectuate the purposes of this section. All such rules and regulations shall be promulgated in accordance with the provisions of the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

SECTION 19. The provisions of this act shall not be construed to be an appropriation of funds, and no funds shall be obligated or expended pursuant to this act unless such funds are specifically appropriated by the general appropriations act.

SECTION 20. This act shall take effect upon becoming a law, the public welfare requiring it.